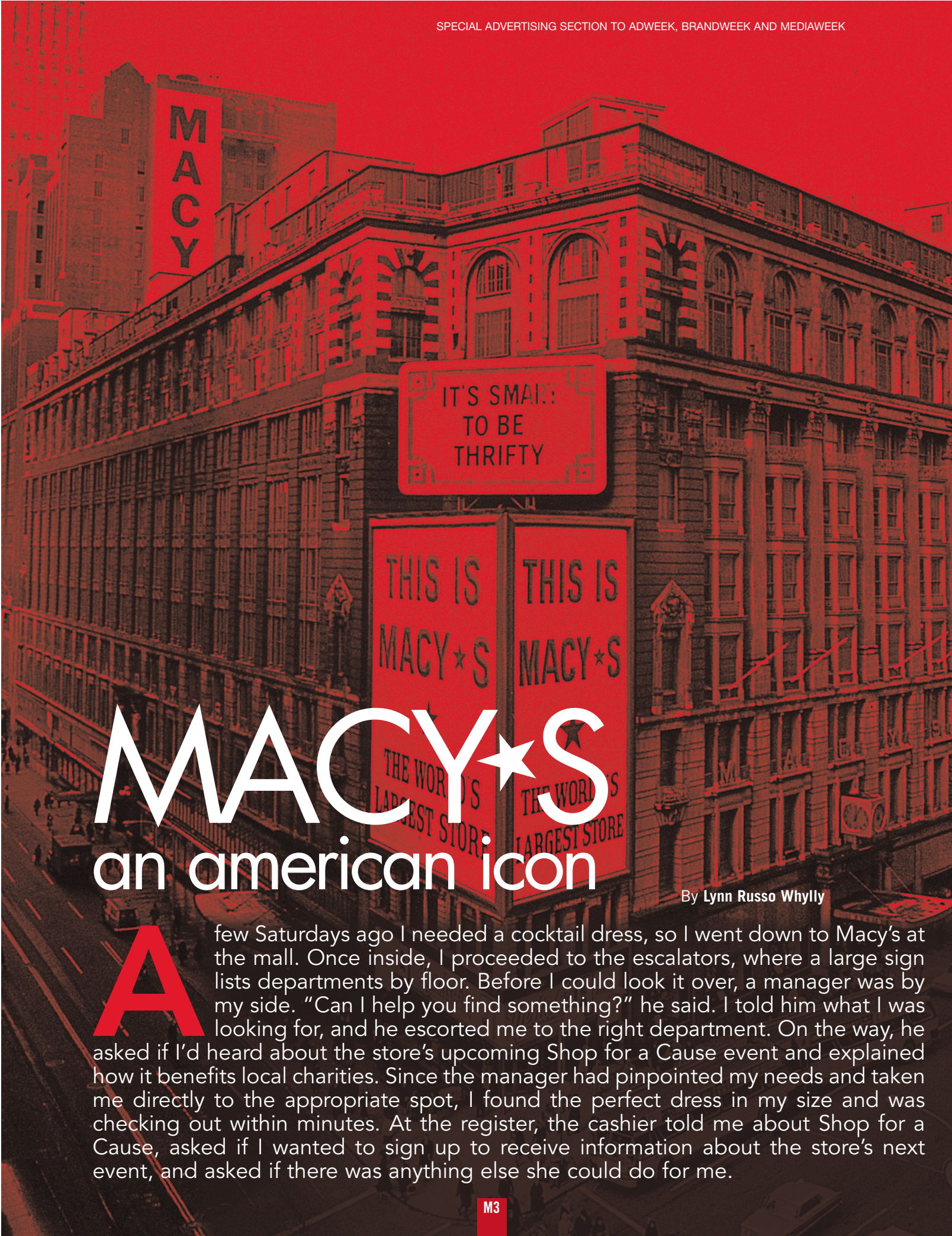
When Rowland H. Macy was 15, he worked as a cabin boy on a whaling ship in the waters off Nantucket, Massachusetts, where he was born. One night, caught in a bad storm, the ship lost direction and the crew used the North Star to guide them to safety. Due to the storm conditions, the star appeared to have a reddish glow. In honor of the icon that saved his life, Macy had the North Star tattooed on his arm.

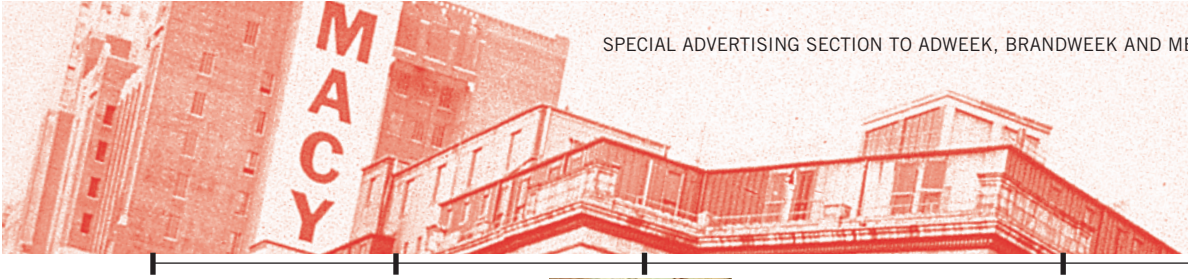
macy's 150th anniversary



MACY*S an american icon

By **Lynn Russo Whylly**

A few Saturdays ago I needed a cocktail dress, so I went down to Macy's at the mall. Once inside, I proceeded to the escalators, where a large sign lists departments by floor. Before I could look it over, a manager was by my side. "Can I help you find something?" he said. I told him what I was looking for, and he escorted me to the right department. On the way, he asked if I'd heard about the store's upcoming Shop for a Cause event and explained how it benefits local charities. Since the manager had pinpointed my needs and taken me directly to the appropriate spot, I found the perfect dress in my size and was checking out within minutes. At the register, the cashier told me about Shop for a Cause, asked if I wanted to sign up to receive information about the store's next event, and asked if there was anything else she could do for me.



1822
Rowland Hussey Macy is born into a Quaker family on Nantucket Island, Mass.

1843-1855
Macy opens four stores in Massachusetts. They fail.

1858
On Oct. 28, R.H. Macy opens a "fancy dry goods" store on 6th Avenue and 14th Street in Manhattan. First-day sales: $11.06.

EARLY YEARS
Macy appoints Margaret Getchell as store superintendent. She becomes the first woman executive in retail history, according to Macy's lore. Other pioneering steps: newspaper ads quoting specific prices and creative merchandising.

1870
Macy's makes its first $1 million in sales after expanding its wares to become a true department store.

That's exceptional service—to both the customer and the community—and that's the core reason Macy's has not just endured for 150 years but risen to the status of American icon, building countless brands along the way and boosting the local media and economies where its stores do business. The beloved American retailer marks the milestone October 28 with a month-long celebration including two New Orleans store openings, customer shopping events and a fashion-industry gala.

From the first day Rowland Hussey Macy opened the doors of his "fancy dry goods store" in lower Manhattan in 1858, every aspect of the retailer's marketing, operating and growth strategy—from promotions to events to advertising to volunteerism—has been created and executed with the end-goal of providing nothing less than an exceptional brand and customer experience. "Customer service is one of the cornerstones of the Macy's operation; it's the most important thing," says Jerry Obarski, of retail consulting firm Merchandise Concepts and a recently retired 37-year veteran of Macy's, which now represents 800 stores in 45 states, as well as Washington, D.C., Puerto Rico and Guam.

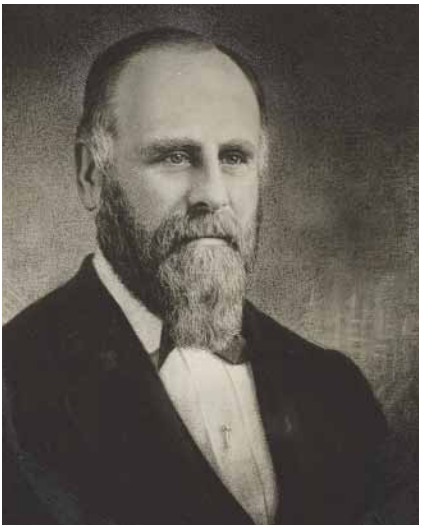
That service ethic is embedded in Macy's DNA, and one of the best examples dates back to 1924, when the New York flagship store in Herald Square expanded, making it the world's largest store. The mostly immigrant employees asked if they could put on a parade as a way to give back to the community for their prosperity, and the Macy's Thanksgiving Day Parade was born. The Macy's owners at the time, the Straus family, not only approved the idea but also paid for newspaper ads, including one that ran the day after the parade thanking the people of the city for attending and promising to hold the parade every year. Macy's has kept that promise annually since then, and it's become a cherished holiday tradition for many American families, drawing thousands to the streets and upwards of 40 million to the television broadcast on NBC.

EVENTS KEY TO MARKETING STRATEGY

The parade is just one of the many exclusive, grandiose events that have been a significant part of the brand's marketing strategy over the years, extending its presence in the community and thereby its special place in the cultural landscape. The strategy follows the brand's logical philosophy: that more-vibrant communities provide better environments for its stores to do business, and for its employees and customers to live and work.

The event roster includes the Fourth of July Fireworks Spectacular, fashion shows, cooking shows, numerous charitable events, and elaborate in-store flower shows, where some 500,000 plants and flowers turn the ground floor of the New York, San Francisco, Chicago and Minneapolis stores into living gardens attracting more than 250,000 people to each location.

And of course, Macy's Christmas window displays are an event unto themselves. At the end of the first Thanksgiving Day parade, Santa disembarked from his sleigh, climbed above the Macy's marquee, unveiled the windows and declared that the holiday season had begun. "The holiday windows are a highlight of the



FOUNDER R.H. MACY WAS PART OF A LOBBYIST MOVEMENT THAT ESTABLISHED THANKSGIVING AS THE FOURTH THURSDAY IN NOVEMBER, EFFECTIVELY DEFINING THE START OF THE HOLIDAY SHOPPING SEASON.

1876
Macy dies in Paris while on a business trip. He is buried at Woodlawn Cemetery in the Bronx.

1902
Macy's outgrows its space and moves to 34th Street and Herald Square. The store is a modern-day marvel at nine stories high with 33 elevators. It's one of the first buildings with escalators. Sales zoom from $10 million to $16 million.

1922
Macy's goes public; begins taking over regional stores and competitors.

1924
With 1 million square feet, the Herald Square store becomes the "largest department store in the world." Macy's immigrant employees launch the Macy's Thanksgiving Day Parade.

1927
Balloons are added to the parade.

Christmas season, but day in and day out, the windows are tied to our marketing strategy," says Patti Lee, senior vp and general manager of Macy's Herald Square.

"There's a bit of magic in retail and I don't think Macy's has ever forgotten that," says Bob Brown, director of advertising for the *Las Vegas Review Journal and Sun*. "When I was a kid, one of my first impressions of Macy's was that it was where you went for Christmas shopping. And even over the years as they have become one of my best clients and I've...developed a close relationship with them, I always have in the back of my mind that Macy's is where the magic began for me as a kid."

Macy's First

First department store to organize merchandise by size, setting a trend that has lasted a lifetime.

Bold moves dominate Macy's history. One of the retailer's most well-known legacies is when the Straus family, who owned the business from 1888 to 1980, managed to influence the move of the entire New York shopping district—previously below 14th Street—uptown to the area around its Herald Square store. "Most of the long-established retailers, such as Lord & Taylor and B. Altman, were much further downtown in what is now the SoHo area," says Macy's historian Bob Rutan. "Everybody thought they were nuts to move uptown, but it basically worked." Others followed, settling in the area of Fifth and Madison, and the area between Macy's and Fifth Ave. and Madison is still the shopping hub of Manhattan today.

"They're forward-thinking and very innovative," says Anne Obarski, executive director of retail consultancy Merchandise Concepts. "They don't do business the same old–same old. Macy's reaches out and says, these are the things we do differently…Knowing how to connect with the community and generate business in a different way is what Macy's is all about."

MACY'S AND THE MEDIA

In media, too, the brand shows a history of innovation. Even back in the 1800s, founder Rowland Macy made his advertising stand out against the media clutter. "He would pay an extra penny to have the [newspapers] run the star in red," Rutan says, adding that Macy also wrote his ads in poetic form. Prior to Santa's first appearance at Herald Square, he recalls, "Macy published a long poem in the paper about how Santa had arrived the night before and dropped all these gifts for his loved ones. The next day, there was a long line of people looking for Santa."

In addition, Macy's was one of the first department stores to bring glossy four-color advertising inserts to

1940
Macy's join a group of retailers in successfully petitioning President Roosevelt to make Thanksgiving permanently the fourth Thursday of every November.

1941
Macy's launches its first in-store credit card.

1942-1944
The parade tradition comes to a halt with World War II. Balloons are donated to the war effort, providing 650 pounds of scrap rubber.

1945
Macy's heads west, takes over San Francisco's landmark Union Square store.

1946
First department store flower show is held in California.

1948
The Macy's Thanksgiving Day Parade is nationally televised.

newspapers, according to Britt Beemer, chairman, consumer research company America's Research Group, Ltd. "They had a better-quality presentation than virtually anybody else."

Macy's has maintained great partnerships with newspapers through the years and has been one of the medium's biggest supporters. "The Macy's East group is always open to ideas," says Paul Davia, director of major retail and national accounts for the Chicago Sun-Times News Group. "They don't turn ideas away. They want to hear how they can merge their ideas with ours to put the message out to the reader. The fact that they still want to hear from the local markets about what's relevant takes some effort, but they're willing to do it."

"They have been a wonderful supporter of newspapers to reach their customer," adds Barbara Swanson, group vp of the Chicago Sun-Times News Group. "They understand that customers are still using newspapers to make their decision. Our readers appreciate getting their messages."

Macy's heavy use of traditional media extends to TV as well. "We buy programming that skews very high in viewership to the female 25-54 group, such as *Dancing With the Stars* and *The View,*" says Martine Reardon, executive vp of marketing, Macy's Inc. "Then we buy other programs that a mom and daughter might sit down and watch together, such as *Gossip Girl*, *Grey's Anatomy* and *30 Rock*. We cherry-pick special programs in prime time when we know moms are either watching alone or spending time with their family."

In keeping with the brand's "star" quality, Macy's also aligns itself with TV programs that feature stars, such as the Emmy Awards show. "During the Emmys this year, we launched a new spot that has been in the making for 10 years," says Reardon. "It shows the history of Macy's and how important Macy's has been to pop culture for the last 150 years. It starts with Bob Hope and shows clips from the beloved 1947 Christmas-themed movie *Miracle on 34th Street*. You also see Shirley MacLaine as a majorette in a parade and [Jerry] Seinfeld and Elaine talking about the balloons. We're very much a part of American culture and everyone's life from 60 to 4. It's in everything we do and everything we think of."

Macy's has always relied heavily on newspapers to get its promotional messages out.

The spot is the work of New York agency J. Walter Thompson, which has been working with Macy's for about 19 months, since the retailer went national. "Our goal is to put Macy's back into the center of pop culture in America," says Rosemarie Ryan, JWT co-president, North America. "It was an iconic brand, but some of that iconic status had receded. With the kind of partners they've been bringing in, they really are America's retailer, and we wanted to highlight that."

A TRUE MARKETING PARTNER

Macy's is known throughout the media and agency world as a great communicator and team player. "When we meet with them and talk about a campaign, they give us a lot of detail; they make sure we understand their creative and what they're trying to accomplish," explains John Caruso, senior vp, TV network sales, ABC. "They have given us some of the most in-depth presentations we've ever seen. We're given a lot of information to bring back to our producers and our team. That really allows us to create a customized program that's not forced; it's very organic. And they've done a great job of embracing what we do and how we do it and how we think. Because of that, we've been able to deliv-

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Macy's "five-point" strategy

The iconic Macy's star logo, derived from the North Star that guided the chain's founder out of a bad storm at sea, represents not only the founder's past but also the retailer's intuitive vision and brand leadership.

Like the five points of the star, **five broad strategies** work together seamlessly to create the magic of Macy's:

1 SERVICE AND PROFESSIONALISM

Exceptional, from in-store customer service to events and programs serving local communities to Macy's partnerships with media and merchandise brands.

"Their people give them a competitive advantage and is something that differentiates them from other major retailers," says Michael Labonia, senior vp of advertising for the *San Francisco Chronicle*, adding, "They have a very high level of integrity and professionalism."

2 BRAND EXCLUSIVITY

From Martha Stewart's home goods to Donald Trump's clothing line, Usher's cologne, Tommy Hilfiger's sportswear and Eva Mendez's bed and bath line, Macy's has made exclusive branding a significant part of the shopping experience. And while this has always been a key strategy, moving from a regional to a national retail chain two years ago with the acquisition of May Company gave Macy's the clout it needed to attract such high-profile brands.

"One reason people weren't engaging with our products was because they weren't available where they shopped," says Robin Marino, president of merchandising and co-CEO of Martha Stewart Living Omnimedia, Inc. "When Macy's merged with May Company, becoming the largest department store in the country, that national reach and scale combined with their very seasoned and savvy group of merchants led us to believe that was the place to position our brand." Today, MSLO handles creative and design, and the Macy's Merchandising Group handles product development, production and sales, a "perfect collaboration," Marino says.

"Our true niche is that we are a house of brands that are either exclusive to us or in limited distribution and you can't find them in a lot of other places," says Martine Reardon, executive vp of marketing, Macy's Inc. "We're rolling out FAO Schwarz in 263 stores this fall and, by spring, we'll have over 400. So what we offer the customer is new, different and exclusive things you won't find anywhere else."

3 PRIVATE LABELS

Macy's creates uniqueness through a line of its own private labels, including Giani Bernini, Holiday Lane, I. Magnin, John Ashford and Karen Scott, and it's constantly experimenting in this area. Most recently, it added a new jewelry line, Luna. "Luna is a new, more modern, private-label jewelry line that we're very excited about," says Patti Lee, senior vp and general manager of Macy's Herald Square. "Our store has always been a reflection of what our customers ask for and there are customers looking for and responding to a more modern feel. Even in lines that we've carried for awhile, like Tommy Hilfiger, they are updating and making their products more modern."

4 EPIC PROPORTIONS

"We don't do anything in a small way," says Reardon. "When we do events, we do them really big. The Thanksgiving Day Parade [for example] is the largest-running show on Broadway." This year, she says, Macy's annual Passport HIV/AIDS Fundraiser event was taped and aired on network television for the first time (on NBC on Oct. 11), and will be released to 29 movie theaters across the country.

5 ALL-INCLUSIVENESS

Providing everything a family could need in a single location at an affordable price. "Macy's has a reputation of having good value for higher-quality clothing," says Carol Orsborn, Ph.D., senior strategist with VibrantNation.com and a Baby Boomer behavioral expert. "The boomer woman tends to shop for a specific occasion; they may need a particular piece of clothing or like a particular brand, so the strength of Macy's is the breadth of what they offer."

Macy's First

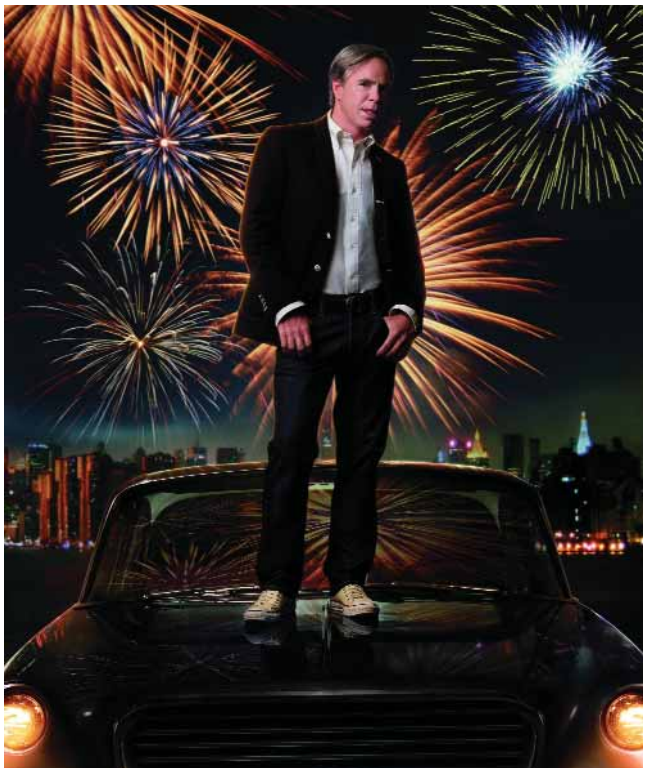
First line of private-label brands.

Guiding Stars

Stars are objects we use to guide ourselves, but they are also the people we use to guide our fashion and cultural decisions," observes Ty Montague, co-president and chief creative officer of J. Walter Thompson, Macy's agency of record. "Macy's is guiding us with products from stars like Martha Stewart, P. Diddy and Tommy Hilfiger. There's a beautiful kind of symmetry to what the Macy's star represents in the cultural landscape."

"As an entrepreneur, I am in awe of all that the department store has become since Rowland Macy first opened his 'fancy dry goods' store back in 1858. Macy's has such a rich and venerable history. We're proud to be a part of it."

—Martha Stewart



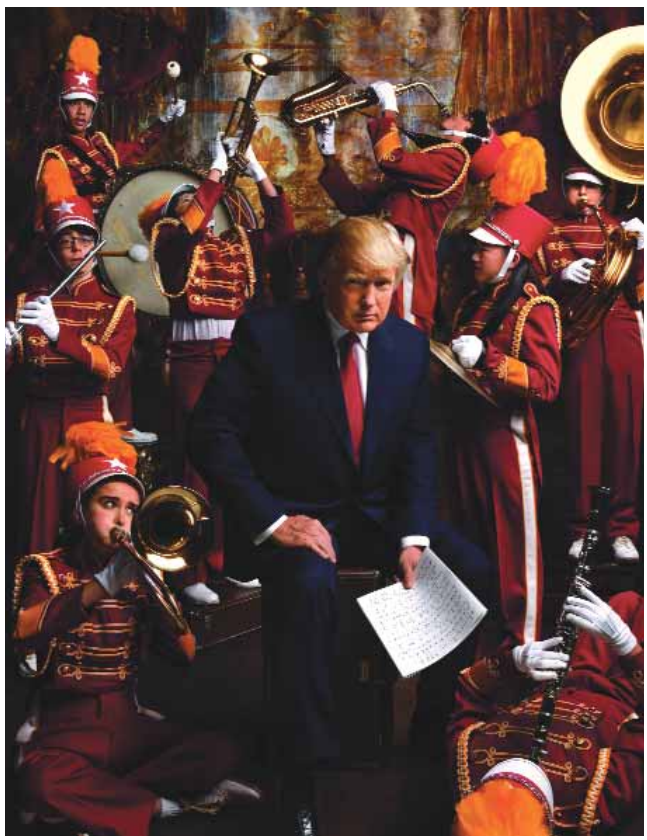
As the quintessential American retailer, Macy's is the perfect partner for our brand. This fall, Macy's became the exclusive retailer of our U.S. sportswear, which we have been celebrating at Macy's stores around the country with performances and in-store fashion shows. It's also been our honor to participate in Macy's Passport event to benefit the fight against HIV/AIDS.

—Tommy Hilfiger

Photos by Mark Seliger, courtesy of Macy's

150 years is an incredible milestone. It is a great privilege to partner with Macy's, and I wish Macy's tremendous success.

—Donald Trump



Famously Macy's

THANKSGIVING DAY PARADE

The Macy's Thanksgiving Day Parade was begun in 1924 by the store's immigrant employees to celebrate their new American heritage. It featured live animals from the Central Park Zoo. The parade was stopped in 1942 due to World War II and all the rubber from balloons was donated to the war effort. The parade resumed in 1945. 2008 will be the 82nd parade.

FOURTH OF JULY FIREWORKS SPECTACULAR

The spectacle started in 1976 on the nation's bicentennial. In recent years it has been billed as the largest in the U.S., reportedly comprised of more than 35,000 shells, more than 40,000 pounds of fireworks, and more than 120,000 bursts of color and light. The American Pyrotechnics Association lists it among the top 10 fireworks displays in America.

MACY'S FLOWER SHOWS

Debuting at Macy's in California as the first department store flower show in 1946, the event started as a fragrance promotion in the cosmetics department, and has evolved into one of Macy's most beloved traditions. Every year the events usher in spring with grand displays of colorful floral creations made from thousands of species.

MACY'S HERALD SQUARE STORE ON BROADWAY AND 34TH STREET

With the store's 7th Avenue expansion completed in 1924, it became the "World's Largest Store," with over 1 million square feet of retail space. As the flagship property in the Macy's family, the Herald Square store carries with it a history so rich that the location is a huge tourist attraction, drawng shoppers from around the world.

MIRACLE ON 34TH STREET

Thousands of older Baby Boomers always think fondly of Macy's from first seeing it in its "starring role" in this Christmas-themed 1947 film featuring Maureen O'Hara and Natalie Wood.

DUSTIN HOFFMAN, F. MURRAY ABRAHAM, CAROL CHANNING AND RACHEL RAY ALL WORKED AT THE MACY'S HERALD SQUARE STORE EARLY IN THEIR ADULT LIVES.

1976
Launch of "Macy's Fireworks Spectacular," becoming a New York City Fourth of July tradition.

1994
Federated Department Stores Inc. acquires R.H. Macy & Co. Through acquisitions and rebranding, the Macy's name spreads.

1996
Macys.com Web site is launched and begins experimenting with online sales.

2007
Federated become Macy's Inc, creating a national brand.

2008
Macy's grows to 810 stores.

SOURCES: Macy's Inc., Retailing Hall of Fame, Wikipedia

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er for them in a very big way."

Recently Macy's pulled together Florida's six largest newspapers for a meeting in the company's Florida division headquarters (Miami). "They were very candid about where they wanted to go and how they wanted our help to get there," explains Bruce Faulmann, vp of advertising and sales for the *Tampa Tribune* and the Florida Publishing Group. "We got a true understanding of their business and their business challenges. That's a key to their longevity and their success."

The purpose of the meeting, he says, was to discuss how to communicate Macy's new holiday campaign. Details are still being finalized, but Faulmann says the campaign will leverage aspects of the retailer's holiday-oriented history. "We've come up with solutions to build that campaign to be the biggest and best it can be. To have a relationship like that with a key customer is really special."

"These are genuinely good people, and that is rare in retail," adds Andrew McLean, president and chief client officer of Mediaedge:cia, which handles Macy's media planning and buying. "It's an incredibly collaborative culture, which constantly challenges us, our team and the media, but I've never found a piece of business where people enjoy working with them so much. They have a great appreciation of the role for and importance of media. They are very aware of how much media influences people," says McLean.

The Local Angle

Another hallmark of the Macy's brand is its tremendous influence on the communities where it operates, through partnerships with local media, events, and even developing local talent. In Chicago's State Street store, for example, Macy's has sponsored a three-pronged program to support new young designers. "The city was seeing many of its young talented designers leaving to pursue careers in New York and other areas, so Mayor Daley started a Fashion Council and a Fashion Week [the first week of October] to help find ways to keep new talent within the Chicago area," explains Andrea Schwartz, spokesperson for Macy's East in Chicago.

The first program is called "Distinction and Design." On Oct. 1, Macy's invited both local and student designers in with samples or sketches, and provided feedback to help them move forward in their field. At the end of the day, "best of show" and "runner up" prizes of $1,000 and $500 were awarded.

ONE OF MACY'S STAFF SAT ON PRESIDENT FRANKLIN DELANO ROOSEVELT'S CABINET.

The second program, launched in 2005, promotes the work of designers who are already established in local boutiques. Industry leaders who are members of the mayor's fashion council nominate designers, who are then invited in. "In July, we saw 70-plus designers of everything from apparel to handbags to jewelry to scarves, and we chose 23," Schwartz explains. On Oct. 1, the chosen lines were launched in the State Street store and are guaranteed a full season. Big sellers will be invited back. They also hold trunk shows twice a year for all those designers above and beyond the 23 they feel are promising.

The newest program is the Chicago Fashion Incubator, launched in March, for which Macy's provides 2,500 square feet of space for offices, a production and samples room, 17 sewing machines, a showroom and mentorship

Macy's is sponsoring fashion events in Chicago aiming to keep young design talent in the area.

for six designers who have recently graduated from one of six local design schools. Designers have access to the space for one year, after which a new group comes in. In addition, Fleishman-Hillard donates publicity to help promote the young designers' work. During Fashion Week, Macy's sponsors a runway showcasing of Chicago designers that fills 1,000 seats.

"These programs help make Macy's unique and differentiates our product from the competition," says Schwartz. "You know you can come into the flagship store and not only find the best of Macy's but also the best of Chicago."

A new merchandising initiative also advances the "local angle." In March, the retailer launched "My Macy's," which allows each store to offer the most relevant merchandise to its specific region. "All the stores are divided into groups of 10, and the regional vice presidents work with the merchandise managers and district planners for those stores to determine what the customer is looking for, what the customer needs that we don't have, and what we have that the customer doesn't need," explains Schwartz. As a result, she says, at least 20 percent of the merchandise in each store is curated for that district. For instance, "Here at State Street [the flagship Chicago store, formerly Marshall Field's], we're not ordering as much king-size bedding because queen-size fits better in the city condominiums."

"The reason we created My Macy's is because we're listening to the consumer on the color, fit, sizing, vendors and brands she prefers and we want to become more relevant for her," adds Macy's Inc.'s Reardon. "There are key differences demographically in Chicago vs. Atlanta vs. Florida. We're hoping this will help us become more relevant. It's still in the early stages, but we're getting confirmation from the floor, as well as quantitative research, to make sure we're really hitting on all cylinders there."

All Heart

If the star weren't so pivotal to the brand's identity, it could easily be changed to a heart, because Macy's has one of the biggest in corporate America. Volunteerism and supporting local charities are simply part of the fabric and culture that is Macy's. From the American Heart Association's "Go Red for Women" campaign to the chain's highly publicized Passport event for people with HIV/AIDS, which has generated $27 million over three years, to Shop for a Cause, which has brought in another $27 million for local charities, as well as the Make a Wish Foundation, United Way and hundreds more activities, Macy's takes care of its own. "Our associates are very generous, and the company matches what they give," says Macy's Herald Square exec Patti Lee. "We'll have a blood drive and all the spots will fill immediately. We'll do 'bag hunger' days where we donate food to the food pantry and the associates are very excited about that. I've worked for Macy's for 25 years and it has always been that way, especially here in Herald Square, because they know the history and importance of the brand. They see themselves in the Thanksgiving Day parade. They walk the main floor during the flower shows. They have a tremendous amount of pride that they work at the flagship location."




Volunteerism is embedded in Macy's DNA, and it extends the retailer's influence in local communities.

In the vast American brand landscape, Macy's is one of the few that has won the hearts and wallets of several generations of consumers. With is core philosophy of service, signature events intimately woven into the fabric of American life, traditions and holidays, a great vision for what customers want, a strong collaborative nature, and a unique ability to communicate, there's no doubt Macy's will endure, steady as the North Star. ★

Visit **www.macys.com** for information about Macy's 150th Anniversary celebrations going on across the country.